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**Editorial**

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**Reviewing Experiences in Order To Continue  
Promoting Renovation**  
*42100007 Hanoi TAP CHI CONG SAN in Vietnamese*  
*No 2, Feb 89 pp 1-7*

[Published in FBIS-EAS-89-069, 12 Apr 89 pp 83-87]

**Quang Trung Nguyen Hue (1753-1792), His  
Genius and Cause**

42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 pp 8-12

[Phan Huy Le; article not translated]

**Foreign Trade, Important Tool for Saving Our  
Economy From Stagnation**

42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 pp 13-18

[Article by Nguyen The Uan, MA in Economics]

[Text] Foreign Trade plays a very decisive role in the country's economy, because approximately 50 percent of the national income that can be used each year comes from import-export activities. In many national economic sectors, without the special help of foreign trade, it would be difficult for them to achieve a balance in order to survive and expand.

This is an objective reality that no one can deny. Thus, to overcome our economy's present difficulties and keep it from stagnating, the state must use foreign trade as a tool to make a breakthrough.

Adopting the model "import first, export second," foreign trade must promptly supplement the material and technical factors necessary for the reproduction process in the country to maintain its rate of development, achieve results, and constantly expand.

In line with this model, importing items using foreign loans plays a very important role. But using foreign loans to import items is like using a double-edged sword. If you are good with the sword, the benefits will be great. But if you are not good with it, you can cut yourself badly. If goods imported using foreign loans are not used to promote domestic production, particularly the production of export goods in order to generate additional foreign currency to repay the loans and import more goods, foreign commerce will encounter serious difficulties.

For a long time now, importing goods using foreign loans has been too dispersed and arbitrary. Foreign loans have reached the level of tens of billions of rubles and U.S. dollars, but this money has not been used effectively. We have not been able to use many of the projects and imported items or have not used them to full capacity and this has caused and is causing serious waste of foreign currency. At the same time, hundreds of billions of dong have been invested in the construction and service sectors, which has put a very heavy burden on the national economy. In addition, a large portion of the goods imported using foreign loans (commercial credit loans, which we commonly refer to as hot loans) do not support production directly. Instead, these goods are

used to chase domestic price differences. This is just making the price-wage-currency situation even worse and creating more difficulties for social and economic life in the country.

Because production has been very slow, during the past years, the export value has hardly increased at all. At the same time, important requirements have increased constantly, and this has made it necessary for us to increase our foreign debt. With our present slow rate of increase in exports, it will be difficult to pay our debts or even pay the interest on the loans. And if we don't repay the loans on time it will be very difficult to borrow more money to import items. If we continue on like this, there is the danger that imports will decline. And if imports decline, not only will production and life here become more difficult, but exports will be limited.

Clearly, we face a crisis in our international balance of payments, and this will have a terrible effect on our foreign trade activities. Thus, to expand foreign trade, we must do everything possible to improve our foreign balance of payments situation.

There are many ways of solving the foreign balance of payments problem. Additional foreign loans can be taken, imports can be reduced, or ways can be found to step up production. But in our present situation, we cannot use just one measure to rescue the situation. Because of our inability to repay our debts, it will be difficult to take additional loans, and if we reduce imports, production and life, like exports, will encounter difficulties. And talking about exports, we can't simply expand exports right away in order to balance our payments. In such conditions, we must closely coordinate three measures. We must borrow additional money, limit imports, and promote exports. In doing this, we must give attention to the effects of imports, because the greater the effect of imports, the greater the effect on stimulating production and exports to generate foreign currency and ensure that we can repay our debts. As for the effects of imports, attention must be given to two aspects, production and foreign currency.

The import structure must be examined, and non-essential items or items that can be supplied by domestic sources must be eliminated from the list of imported goods. At the same time, the management mechanism and the use of imported goods must be improved in order to stimulate production and strengthen exports. Taking additional foreign loans must be based on the capabilities for strengthening exports. We must put a stop to the situation in which foreign loans are taken arbitrarily, which could lead us into bankruptcy. What should be noted is that exports must generate foreign currency income, because it is foreign currency revenues that will determine our ability to pay our debts and expand imports.

We must soon put an end to the situation in which import-export activities are overly dispersed. This is not suitable for a country in which the bulk of its foreign trade depends on foreign loans.

As for the socialist sector, imports are concentrated, but exports are dispersed. The state has not implemented a suitable policy to regulate exports and imports and so it is very difficult to mobilize export materials through the socialist market. Conversely, the capitalist markets are becoming more and more dispersed, and the central echelon can manage only a very small part. For example, in 1987, the central echelon managed only 13.7 percent of exports and 24 percent of imports (in this, imports based on loans and aid accounted for 95 percent). The sectors managed 41.4 percent of exports and 31 percent of imports (in this, imports based on loans accounted for 55 percent), and the localities managed 44.9 percent of exports and approximately 45 percent of imports (in this, imports based on loans accounted for 60 percent).

Because export-import activities with the capitalist sector can quickly regulate the price-wage-currency balancing processes of the localities and bases in the country, dispersing export-import activities with the capitalist sector would be bad for the country's foreign balance of payments.

The essence of the "import first, export second" model is that imports must directly support production. Imports cannot be used to chase after price differences, which is what has been happening here for a long time. Reality shows that the more you chase after price differences, the more turmoil you will create for production. And if production is in turmoil, it will be difficult to stimulate exports in order to eliminate the balance of payments deficit.

At a time when the country is suffering a balance of payments deficit and the domestic economy must bear the burden, it will not be easy to overcome this situation quickly.

The population is increasing at a faster pace than production. This will lead to a shortage of jobs and essential consumer goods for society, such as food, housing, and means of transportation.

The non-productive staff is too large. This is true not only in the state apparatus but also in the security and national defense sectors. This is causing problems for the budget and leading to serious shortages of consumer goods.

Social ills such as waste, corruption, theft, bribery, large parties, and so on are generating rather large negative expenditures, creating budget and cash deficits, and leading to shortages of consumer commodities.

The mistakes in the lines, policies, positions, and measures of the state in the socio-economic management sphere have created additional difficulties for production and life. In particular, the mistakes concerning capital construction investment will continue to have a negative influence on domestic reproduction both in the near future and in the long term.

In conditions in which domestic production cannot satisfy consumption needs, the burden will fall on exports and imports. But because we are exporting little and importing a lot, there is an unfavorable balance of trade. What needs to be given attention is that the three levels of foreign trade (central echelon, sector, and local foreign trade) all depend on foreign debt in accord with the import first, export second model. The ability to export later in order to pay the debts is very tenuous.

In order to overcome the above situation, the state must use foreign trade in a concentrated manner (particularly with respect to importing goods using foreign credit) in order to hit the following basic targets:

To ensure that the national economy grows, achieves balance, and produces results as called for in the state plan, to resist foreign plots of destruction and limit the harmful effects of world markets, and to create a strong dividing line for an independent price-wage-currency plan in the country.

Based on this, to expand the policy of making production and business freer along with applying a restricted consumer policy (mainly by requiring the use of goods produced domestically), and to create a national market that is unified with respect to commodities, finances, and currency.

By increasing revenues and reducing expenditures, the state must soon balance the budget by supporting production and promoting exports.

The three themes mentioned above are closely related to each other and together form a unified economic viewpoint for the country.

In accord with the above viewpoint, the state must promote the following important measures:

1. Restore order in the sphere of foreign circulation:

The state must manage the import-export structure carefully in order to serve the needs of production and life. Even if foreign commerce is dispersed, the import-export activities of the localities must follow this unified structure.

As for the import-export structure, attention must be given to the following:

**Exports:**

The processing of industrial and artisan industry goods for export must be stimulated.

The export (selectively) of raw materials and agricultural products must be promoted in such a way that this will not have too great an effect on domestic consumption.

Things must be considered carefully before exporting essential items in great demand here. If goods are exported, there must be imports to replace them.

The proportion of exports in rubles and U.S. dollars must be determined in an efficient manner.

**Imports:**

Priority must be given to importing raw materials for production, particularly raw materials for the essential production sectors in the country.

Large projects must be limited (selectively), some of the foreign currency must be set aside for importing machinery and spare parts, and there must be intensive investment in the existing production installations in order to increase productivity and quality.

Investment credit capabilities must be concentrated (selectively) on the key sectors such as energy, machinery, chemicals, and the infrastructure in order to support the production plans in the near future and in coming years.

Attention must be given to importing technical projects (know how). This is a new problem for us, and quick action must be taken to solve this problem.

Through the banking system, the state must manage (when possible) the country's foreign exchange in accord with the statutes promulgated.

The banks must carry out the foreign currency marketing tasks honestly in accord with market conditions. If someone is willing to sell, purchases can be made. There must be norms for the foreign currency.

Through the Ministry of Finance, the state must tightly manage the sources of foreign loans, including credit purchases based on commercial credits. Imports must directly support production, with a portion reserved for the production of export items. Foreign loans cannot be used to import goods.

The state must implement policies to regulate prices between rubles and U.S. dollars in an appropriate manner in order to eliminate the current serious conflict between the two market sectors in Vietnam's foreign commerce.

A budget rate of exchange that can be stabilized for 6 months or 1 year must be used in order to balance the import-export plan. At the same time, a commercial rate of exchange determined by the bank must be used so that foreign currency activities do not affect the state budget. In order to aid foreign currency activities, the banks must link the economy with the foreign and domestic commercial production organizations.

In order to manage the structure and foreign currency well with the aim of protecting production and domestic markets, the state must use the following important management tools:

The export and import quotas must be adhered to strictly.

Centers must be concentrated in order to obtain the commodities and foreign currency needed to become self-sufficient in the import-export business.

The foreign commerce organizations must be improved, and the foreign commerce cadres must be trained and assigned tasks in a rational manner so that they can carry out the import-export tasks skillfully.

The network of foreign commerce banks must be expanded to make it convenient for people to remit foreign currency and pay for foreign commerce services.

Banking, production, and foreign and domestic commerce associations must be established in order to coordinate things directly between commodities and currency and provide prompt and effective support for foreign currency activities.

State management rights and responsibilities regarding foreign commerce activities must be carried out through the Ministry of Foreign Trade. Management of the policies and structure plays an important role in this. At the same time, there must be regulations and tight control over import and export activities to ensure that the foreign commerce organizations don't cause problems on the foreign circulation front or waste the state's foreign currency.

2. Applying the policy of giving greater freedom with respect to domestic production and business:

Freeing production and business in conditions in which production and domestic markets are strongly protected can create a real price-wage-currency plane in the country. Freeing domestic production does not apply just to the private economic sector but also to the state-operated economic sector. Attention must be given to medium- and small-scale activities in accord with the capital investment capabilities, the infrastructure, management standards, and the markets.

As for sectors whose structure is determined by the state, the state must determine the most suitable scale and gradually implement a contract system in order to increase the rate of construction and put things into operation as soon as possible.

Cost accounting must have a basis in order to regulate end product prices in an efficient manner.

Freeing domestic business does not apply just to the private sector but also to the state sector. Medium- and large-scale activities must be promoted, and small-scale trading must be limited as much as possible.

Large-scale trading can forge strong links for domestic production in two respects: supplying capital for production in large and stable amounts and ensuring large consumption so that production can expand quickly. Capital and large markets can create the conditions necessary for small-scale production to advance to large-scale production in a favorable way.

In the business sphere, the principle of one price plane must be used:

Imported goods, like the goods produced by the state enterprises, will be sold at uniform prices to producers and consumers through the state stores or network of commercial agents. (Commercial agents must have capital, and they must open an account at a bank.) The network of stores must be arranged depending on the types of goods, and speculation and smuggling must be opposed.

Integrated commercial activities can be carried on, but there must be policies to stimulate special commercial activities, because such activities can be coordinated with production more closely.

Large-scale trading is much easier to control than small-scale trading. Reality shows that if millions of small-scale traders are allowed to expand as at present, it will be impossible to manage the markets and control tax evasion. Besides this, small-scale trading usually accompanies cash payments. If the small-scale traders control much of the cash, the state's cash crisis will just grow worse.

Freeing production and business cannot be leveled. There must be policies to protect production in the face of price, wage, and currency changes by using revenues from the commercial sectors to aid the production sectors.

3. Production and business must be liberalized based on using production as the root to create additional national revenues. From this, the state budget will have a basis for making improvements.

Along with expanding the policy of freeing production and business, the state must apply a suitable financial policy and support production in order to increase the sources of budget revenues. At the same time, a policy of limited domestic consumption must be implemented in order to reduce budget expenditures.

Balancing the budget has become an urgent task. The budget deficit is stimulating inflation, and a rise in inflation will disrupt the price-wage-currency relationship.

We must implement measures to increase revenues and cut expenditures in a more thorough manner.

As for budget revenues, we must control:

Revenue losses concerning exports and imports.

Revenue losses concerning taxes.

Revenue losses concerning various price differences.

Revenue losses concerning immovable property such as buildings, roads, and arable land.

The losses mentioned above have caused and are causing the budget to stagnate. Moreover, budget decentralization for the localities based on the self-balance formula has caused problems for the central budget. Today, the central budget deficit is growing. At the same time, in many localities, the budget deficit has led to "relaxed" norms.

As for budget expenditures, the following must be overcome:

Deficits to compensate foreign commerce.

Deficits to compensate for prices and wages.

Deficits to pay off negative expenditures of various types.

Deficits to support an oversized non-productive staff that continues to expand because of mistakes in the organizational mechanism.

Deficits to support incomplete projects and ineffectual economic activities.

All of the deficits mentioned above have either a direct or indirect effect on production. They are creating difficulties for production, because the state lacks capital to cover the deficits.

To gradually reduce the budget deficit, the state must closely manage the budget revenues and expenditures throughout the country. Budget decentralization for the localities can be implemented only within the framework of a balanced state budget.

Regulating the national income through the state budget in order to support production and life and create a material base to implement the state's economic and social policies is a very important problem.

**On the Fundamental Contents and Tasks During  
the Transitional Period to Socialism in Our  
Country**

*42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
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[Nguyen Huy; article not translated]

**On the Law That Production Relations Must Be  
in Accord With the Standards and Development  
Requirements of the Production Forces in Our  
Country**

*42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 pp 26-33*

[Ho Van Thong; article not translated]



**Looking for the Basic Viewpoints in the Economic Ideas of President Ho Chi Minh**  
*42100007 Hanoi TAP CHI CONG SAN in Vietnamese*  
*No 2, Feb 89 pp 34-38*

[Song Thanh; article not translated]

**Lang Son, Ten Years on the Front Line**  
*42100007 Hanoi TAP CHI CONG SAN in Vietnamese*  
*No 2, Feb 89 pp 39-44*

[La Thanh; article not translated]  
The Problem of Democracy in Our Country  
*42100007 Hanoi TAP CHI CONG SAN in Vietnamese*  
*No 2, Feb 89 pp 45-49*

[Tran Dinh Nghiem, a high-level specialist]

[Text] In our country's present revolutionary renovation movement, democracy is both the target and the fundamental means by which we can overcome social backwardness and manifest the superiority of socialism. Not only is this an internal requirement of building the new society in our country, but it is also the common development tendency of international socialism.

The process of implementing democracy poses many problems that must be studied and discussed, particularly the contents, nature, and steps of this process.

To build and manifest socialist democracy in our country, the problem is not one of examining the targets or determining the direction of development of socialism. Rather, the problem is to study and review the practices in order to gain a clear understanding and form a system of viewpoints on democracy that is in accord with today's socio-economic standards. From this, we must develop suitable forms and measures. A modern viewpoint on democracy cannot be developed without relying on the fundamental principles of Marxism-Leninism and the ideals and targets of socialism. At the same time, this must be closely tied to the practices of our country and the present period. In particular, this must be tied to today's renovation movement.

The fundamental political principle of socialist democracy is that "all power belongs to the workers." Lenin stressed that a lively and creative socialism is the work of the masses. As more and more social changes are made, the tasks facing society will become more and more important and so more and more people will actively participate in this historical process.

The Communist Party of Vietnam, with the world concept and revolutionary and scientific methodology of Marxism-Leninism, has steadfastly upheld the viewpoint of the working class and symbolized the will power and interests of the people. As the vanguard, its mission is to provide leadership in building the new society under the supervision of the people. The party must develop the

programs, lines, strategies, and basic targets of the revolution and stipulate fundamental policies on internal and external matters in order to set operational guidelines for the entire political system. The party must educate, mobilize, and organize the masses in the struggle to implement the guidelines and tasks. It has been like this in the past, and it will be like this in the future.

Expanding and manifesting democracy does not mean that it is necessary to reexamine the leading role of the party. And it is not necessary to establish a system in which there are many leading parties or opposition parties. The mistakes that have been made, bureaucratism, and the violations of democracy are not the result of having a one-party system. The nature, scope, and degree of socialist democracy is not determined by the number of parties in a country but by whether the communist party and the entire political system in that country carries out the will of the working people, fulfills their hopes, and works on their behalf. The decisive problem in expanding and manifesting democracy is that the party must carry out its political leadership function, exploit the country's management role, and do everything possible to ensure that the workers participate in solving all the problems of the state and society at the central, local, and primary levels. Dogmatism and paternalism must be resolutely opposed. Resisting renovation and hindering the expansion of democracy will create complex problems for leadership and management. At the same time, backward manifestations, extremist tendencies, and extreme democracy, opposition to democracy with centralism, democracy with law, and democracy with leadership, and the mechanical imitation of other countries' experiences must be opposed.

Here, the important point is that the state must systematize and codify democratic rights, particularly civil rights and obligations (such as the right to individual protection, the right to develop one's personality, equality before the law, the right to elect representatives to civic organizations, the right to remove people who show that they do not have the ability to complete the tasks, the right to receive information, make inquiries, and receive an answer, the right to discuss things and participate in making decisions on the common tasks of the country and collectives, and the right to voice one's opinion in order to create the conditions for individual viewpoints and suggestions, particularly in the scientific, technical, cultural, and artistic spheres).

Expanding democracy requires that the party and state respect and listen to various points of view and respect the great variety of plans and solutions for carrying out the political tasks. A mechanism must be established to enable the scientists and laborers to participate directly in preparing the draft plans, resolutions, and plans of the party and state. Naturally, freedom and public debate can have meaning and achieve results only if things are carried on in an organized way based on the fundamental principles of socialism, for the benefit of socialism, and for the prosperity of the country and the happiness of the

people. It would be a dangerous mistake to separate this from the targets and ideals of socialism. This would lead to political opposition and splits within the organizations and forces and create great difficulties for carrying out the tasks of the renovation movement.

Expanding democracy today requires that we expand openness, strengthen information, and exploit self-criticism and criticism. Except for national secrets, information must be made available to the people so that they are aware of the party's and state's policies and positions on internal and external matters based on the spirit the "people know, discuss, act, and control." The essential conditions and regulations must be maintained so that every decision, from preparing and issuing resolutions to organizing their implementation, bears the intelligence of the party and the will power and hopes of the people.

Democracy and discipline are two aspects of socialism that are closely related to each other. Democratization must be linked to establishing a legal basis for social relationships. The more that democracy is expanded, the more that the laws must be strengthened. Socialist democracy cannot be reconciled with arbitrary freedom, irresponsibility, a lack of discipline, and anarchy.

One of the greatest advances made since the Sixth Party Congress is that the party has created a democratic atmosphere and created greater openness within the party and society. But today, in almost every sphere of social life, there is still a lack of democracy and a lack of discipline. Socialist laws are violated, social order is not maintained, the rights of people and citizens are not respected, and morality is in decline.

Life shows that to bring about and maintain democracy, it is essential to strengthen socialist law, build and perfect the legal system, supplement and correct the necessary points, and eliminate those measures and regulations that are contrary to the constitution and laws. A number of new laws should soon be promulgated, such as a labor law, a law on private ownership, a civil law, and an environmental protection law, to satisfy the requirements of the renovation movement and the interests of the laboring people. Steps must be taken to ensure that no organization or person is above the law or that an honest person is unjustly prosecuted.

The system of judicial organizations must be perfected, and independence, objectivity, and justice in conducting investigations, handling cases, and eliminating prejudice must be maintained. The people's level of understanding of the law must be raised, and education concerning the law must be made a compulsory subject at the general schools and colleges. Party and state management cadres must be knowledgeable about the law.

Today, the democratic rights of citizens and the destinies of many laborers depend to a large extent on the uprightness of the public security organizations, courts, tax and customs bureaus, and student and cooperative labor

selection agencies. Along with strengthening education, training the cadres, party members, and state employees in the work spheres mentioned above and instilling in them a concept of respecting the people and a spirit of serving the people, of having a close relationship with the people, and of carrying out the tasks quickly and efficiently, the relationship between these organizations and the people must be systematized and placed on a legal footing in order to effectively block bureaucratism, authoritarianism, oppression, and harassment.

Democracy in the economic sphere is the essence of socialist democracy. One target of socialist democracy is social justice. Other targets are to free the potential of the production forces and strengthen the factors that stimulate the economy in order to maintain the standard of living and provide jobs for people. Today, the main task is to change the ineffective bureaucratic and state subsidies economy into a socialist commodity production economy and implement business accounting. We must overcome the situation in which laborers are not tied closely to the assets of their society and collectives. The ownership and management rights of the primary-level economic units, of the labor collectives, and of each citizen must be respected and upheld. Creative dynamism must be created in commercial production.

All citizens and economic organizations with the credentials of a juristic entity in the economic elements are equal before the law. But this does not mean that to manifest democracy in the economy there must be no planning or centralization. The centralized management methods must be renovated. Centralized management must move in the direction of renovating the economic structure. Above all is "macro" management in the multi-faceted economic structure, the investment policies, and the scientific-technical program and renovation of the management mechanism. [as published] Above all is "macro" management in the multi-faceted economic structure and the creation of the conditions necessary so that the economic units can operate efficiently and with high quality.

Based on carrying out the principle of distribution based on labor and coordinating the various economic interests, there must be policies to encourage the excellent, experienced, and highly productive laborers who are skilled at managing things, who have scientific and technical standards, and who have assets. That is, along with distribution based on labor, there must also be other forms of distribution with the agreement of the laborers. Here, the spirit of democracy, collectivism, and openness are the conditions that will ensure that distribution is fair and efficient.

In past years, socialization of the the means of production and labor, forced collectivization, and the lack of fairness in distribution between the various classes of people were major obstacles that blocked the growth of the production forces and led to injustice in society. In the coming period, positive steps must be taken to

correct this. In particular, steps must be taken to narrow the income gap between the laborers in the administrative sectors, servicemen, and retired people and the people in the distribution, circulation, and service sectors. Economic measures must be used to regulate the incomes of households and business collectives that earn too much in proportion to the labor expended. Those who intentionally try to avoid carrying out their economic obligations to the state and those who earn their living illegally must be resolutely punished. Based on the laws, commercial production organizations can be established and the family economy and private economy can be expanded. There must be a mechanism to control the activities of these individuals and commercial production organizations and to control the activities of the state agencies that issue permits, the tax agencies, and economic arbitration organizations. The relationship between the state and the labor collectives and citizens on the economic front is one of equality before the law. The labor collectives and people are responsible to the state, and the state is responsible to the labor collectives and people based on the laws.

Democracy in the cultural and ideological sphere is a special superior feature of socialism. Each citizen has the right to his own world view. People have the right to engage in scientific and technical activities and create works of art. They can expect their health to be protected and have the right to enjoy a socialist national education. They enjoy freedom of religion, they are protected, and they manifest the national disposition and national culture. They have freedom of speech, freedom of the press, and freedom of correspondence based on the constitution and the laws of the state. All of these rights have an ideological and moral basis in Marxism-Leninism. They are not in conflict with our wonderful national traditions. They are in accord with the basic principles of socialist democracy. The extent to which these problems have been solved is a measure of the nature and level of democracy. These are the conditions for ensuring results in the positive and creative activities of the laborers and for guaranteeing a wholesome way of life in society.

In the past period, the press, publishing houses, mass means of information at the central echelon, and the localities, scientific research, ideological, and cultural organizations have actively participated in the renovation movement. They have promoted democracy. They have inspired confidence and had a profound effect in the struggle against negative phenomena. They have

become involved in the daily lives of the people, reviewed practices, and engaged in criticism and debates. But along with this, there have been deviations that must be promptly corrected. There have been manifestations of trying to use the people's mood in difficult living conditions to deny the superiority of socialism and even generate doubt about the correctness of having chosen the path of socialist development in our country. There have also been manifestations of using freedom of written expression and freedom to make criticisms in the press and at scientific seminars to distort the truth, degrade people's dignity, and sully the traditions of the people and party. There have also been campaigns to incite "leftist deviations" during communist movements, which Lenin once criticized.

It is essential to use the weapon of criticism to criticize the past and negative phenomena in society. This must be done more often and even better. But what is even more important and basic is that positive contributions must be made to finding the path to the future. Thinking and the spirit of combat must be strengthened in internal debates. The spirit of education must be strengthened in discussions in the mass means of information. An atmosphere of democracy and openness must be created, and the social activeness of the laborers must be increased. Prejudices concerning economic elements, personal backgrounds, and labor within and outside the staffs must be eliminated. The sword of openness, criticism, and self-criticism, as Lenin said, will heal all wounds. On the other hand, there must be policies and practical measures to increase the confidence and social role of those in the publishing, scientific, educational, and cultural spheres. Those who trample on the democratic freedoms stipulated in the constitution and laws must be punished.

**Making Gardens and Building Houses in Order To Live and Build the Economy, a 'Good Method' To Make the People Rich and the Country Strong**  
42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 p 50

[Truong Son; article not translated]

**A Few Thoughts on Renovating Today's Public Health System and Management Mechanism**  
42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 pp 51-57

[Nguyen Huu Hong; article not translated]

**This is How They Act**

42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 pp 58-60

[Article by Nhi Le]

[Text] In the past and especially today, along with the many good things, life is still filled with many sad stories. Everywhere, people suffer injustices because of the obstacles of society. This has been going on for a long time, and this is well known. Efforts to seek out the wrongs and show indignation at the fate of people are belittled and trampled on, but there is still faith in justice and tomorrow. Unfortunately, the balance of justice appears...unsteady.

People everywhere are demanding that action be taken to improve the relationship between citizens and the administrative organizations and clean up the juridical organizations in order to contribute to restoring law and order in the country.

In May 1988, I met Nguyen Thi Bich Loc (Hanoi Canned Goods Export Factory). She was carrying a letter of protest and was crying, with the pain of a mother who has lost her son. The main responsibility for this rests with the public security forces in Ba Dinh Ward, Hanoi. Her son, Nguyen Manh Hoa, a soldier who had served with the 10th Division, Corps [quan doan] 3, had died at the Nghe Tinh prison on 15 May 1981. For what crime? Because of false files? Who will bear responsibility for Hoa's death? Eight years have passed, but no one has taken responsibility.

I listened to her and realized that the Nghi Kim prison in Nghe Tinh was a "hell on earth." They used steel whips and other instruments of torture to torture the prisoners. The jailers were as cruel as...tigers. Nguyen Si Ly, an innocent man who managed to return from there alive, said that law and truth have not penetrated that place. In June 1988, he spoke out and accused several people: 1. Nguyen Cong Lo, the deputy chief of Yen Thanh District, who was the person responsible for handling the case and who interrogated Ly using many terrible methods; 2. Nguyen Ngoc Dac, an employee of the interrogation office of the Nghe Tinh Public Security Service, who beat Ly and forced him to confess; and 3. the warden. I know that the Nghe Tinh Public Security Service is conducting an investigation to find out the truth. But 5 months have passed, and there still haven't been any results.

Recently, in Military Region 9, Senior Colonel Bui Dinh Ngon, the chief procurator at the Military Region Organ of Control, ordered work suspended. He also ordered that party activities be suspended and that Senior Colonel Phan Van Ton, the head of Group 622, and a number of other cadres be arrested. Senior Colonel Ton was stripped of his rank and jailed for more than 4 months, but a written order was never issued. Cpt Phan Hong

Trung, an aide to Ton, was only suspected of offering a bribe to a high-echelon leadership organization. But he was placed in chains and imprisoned for 3 months.

From what I have learned, other such incidents have happened in Quang Ninh, Thanh Hoa, Quang Nam-Danang, Tay Ninh, Minh Hai, and other places. Why have so many people been oppressed like this in so many places in the country. Many of those responsible for dealing with such people have disregarded the law or "turned their backs."

Suspicion and only suspicion. People have been arrested and put in chains just because they have been suspected of committing a crime. In both the cities and rural areas, it is common for people to be arrested and beaten, and this is done quite arbitrarily.

Once a person has been arrested, he is presumed guilty, and his crime must be revealed regardless of the price. This seems to be the modus operandi of many of those responsible for enforcing the laws. In the south as well as the north, many of those responsible for upholding the laws have tortured people themselves or ordered others to torture prisoners. They have tortured those arrested (including both criminals and suspects) and openly violated socialist law.

An entire generation has done this. And this continues even today.

Life is very complicated, and it is often difficult to distinguish white from black. For this reason, the activities of the public security organizations, organs of control, and courts must be controlled and monitored closely to see if they are acting properly and handling things correctly. Unfortunately, in many cases, not only do the administrative personnel and cadres fail to carry out their tasks but they do the opposite of what they are supposed to do and they violate the laws.

I read the case of Nguyen Manh Hoa. From when he was arrested until he died 9 months later, the Ba Dinh Ward public security forces changed the charge against him three times. I would like to ask, What made people suspect him of those "crimes"? How can a person be arrested when officials aren't sure of their name let alone their crime? The truth is, he was innocent. Official letter No 518/PX of 7 June 1984 by Vu Dinh Hoanh, the deputy director of the Hanoi Public Security Bureau, clearly states that the "arrest and prosecution of Nguyen Manh Hoa by security forces in Ba Dinh War was wrong." Unfortunately, by the time that his family and friends learned of this, he was dead. Are those who ordered his arrest and took him to his death happy? I don't know. But I do know that when Mai Van Hai signed the warrant for his arrest on 4 August 1980, he was just the deputy head of the ward with the rank of captain. Now he is a lieutenant colonel. Hoa's family wants to file suit against him and those who had charge of the file and who forged documents damaging to Hoa.

As for the case of Nguyen Si Ly, many people still think that he was innocent, and they sympathize with his motion. Many are still troubled and wonder who was responsible for keeping him in prison for almost 2,000 days and for bringing unhappiness to his family for more than 5 years.

I remember Nguyen Thi Huong Lan in Tay Ninh. She went to dozens of agencies and submitted many petitions imploring the agencies with jurisdiction to respond to her appeal and end her family's suffering. But to date, she has not received any response.

An ancient saying of ours says that the "mistake of a millimeter causes an error of a thousand km." This is very true today.

Of course, no one is saying that mistakes are made every time in carrying out the law. But it is clear that the cases discussed above have made an impression. It seems that within the system of administrative organizations, there are organizations and people who enjoy special rights and who stand outside the law. Some of those who conduct investigations and interrogations and who are responsible for management and education at the public security organizations and reform camps in Hanoi and Nghe Tinh have "plenipotentiary powers." They can arrest, threaten, and oppress anyone they want without fear of being brought to trial or punished. Some procurators in Military Region 9 and in Tay Ninh and elsewhere have the right to arrest people, release them, and then arrest them again whenever they want.

How can people agree with the response by the Hanoi People's Organ of Control to the question by the Supreme People's Organ of Control concerning the case of Nguyen Manh Hoa? It said that the "killing" by Ba Dinh Ward public security forces should be investigated by the Hanoi Public Security Service. How can such a case be handled internally! A person is dead because of them and so how can this be handled internally? How many more deaths will it take before this is investigated openly? What are they afraid of? Are they afraid of the

effect that this will have on the power and "prestige" of the Ba Dinh Ward public security forces? This bloody lesson shows that if criminals are "prosecuted internally" in an evasive manner and in secret, they will avoid being disciplined, and this will lead to even greater crimes. The efforts to avoid "losing face" usually lead to a distortion of the truth. Who can believe them?

Another reason for this loss of confidence is that when I wrote this article on 17 November 1988, those administrators guilty of these unlawful acts were still free. They were still receiving raises and promotions and even being entrusted with greater responsibilities. If they have done so much damage in lower positions, think what they will do once they are given even greater power.

Reality shows that if crimes are overlooked (regardless of who is involved), if nothing is done to stop this and prosecute the people responsible, this will lead to their disregarding human life and trampling on social discipline. If there is trouble and the province shields the district and the district shields the village and if the "law of the ruler is defeated by village customs," officials will continue to abuse their powers. Corruption will spread, and people will continue to protect each other. Criminals will continue to act arrogantly and continue to commit crimes. And the results will be terrible.

As people have said, "if there is a lack of discipline, I will act arrogant, too." I have reminded administrators of that, but they have continued to act arrogantly. Why haven't they been punished?

I suddenly remembered, a famous German writer, B. Brecht, once said that if a person does not know the truth, he is a dupe. If a person knows the truth but intentionally tries to deny the truth, he is a killer.

#### **The Superiority of Mediocrity**

42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 p 61

[Hong Tu; article not translated]

### Renovation and Opportunism

42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 pp 62, 63

[Letter from Ngo Vinh Binh]

[Text] Since the Sixth Party Congress and particularly since the promulgation of the Fifth Resolution of the Politburo and the speech by General Secretary Nguyen Van Linh at a conference of writers and artists, there has been a welcome change in our country's arts and letters. The creative talents of our artists (including compositions and critical arguments) have been liberated and are being exploited in the renovation process.

However, analyzing the situation and reviewing the arts and letters movement in a fair and objective manner, it is clear that there is reason for concern. It must even be said that warnings should be sounded about certain things. What things? I am referring to the confusion between real renovation and renovation of an opportunistic nature. There are two attitudes toward renovation. One is very fair and honest. The other is opportunistic, the purpose being to create factionalism. This is the truth. Although this is not the case everywhere, there have been scattered manifestations of this. We must face this squarely and raise the issue. We cannot try to avoid the issue, as a few articles have observed in discussing the arts and letters situation in a number of recent publications.

In carrying on renovation, conservatism must be opposed. Conservatism is the primary obstacle blocking renovation. Everyone knows this and will say this. But in modernizing the country today, this is not a simple matter. It is not as easy as in the past when we could clearly see the imperialists. Renovation is not synonymous with "making changes" nor are the terms interchangeable, like a shirt that can be turned inside out. Thus, not everyone can wear the same "renovation" shirt or throw on the shirt of "conservatism." That is the difficulty. That is what makes this problem complex. The time is past when we can simply condemn small-scale production as inferior and backward and blame everything on it. Everything has been blamed on that while we are guiltless. We are the judge! Conditions have changed. Today, everyone must be honest. Everyone must renovate his way of thinking and writing, find the path, and be both judge and accused. That is the task. That is the right attitude for citizens and artists. More than ever before, there must be solidarity and strength. Unfortunately, some people just "look" at others but do not think about them. They want to reserve renovation powers for themselves alone. They want to be the boss during the present period of cultural perestroika. They want to be the conductor and lead singer in the new arts and letters orchestra and start from zero. They accrue great honor when they get to be the lead singer. Many people feel that this is a once-in-a-lifetime chance and so they have rushed to take advantage of this. During any period of renovation, reform, and modernization, there

will always be opportunism and opportunists. That is a given. While there are few such people, they are deceitful, cunning, and dangerous. They sometimes use the strategy of "toa son quan ho day" and at other times they "fish in troubled waters" in order to make a profit. The complexity and confusion in arts and letters circles (to be more precise, in a number of sectors and activities) during the past period is due primarily to these people. Recognizing the appearance and actions of the opportunists in arts and letters circles is not difficult. Sometimes they take on the appearance of chameleons. They are writers without a point of view, but they act as if they understand everything and as if every change stemmed from them. One day, they participate in projects to affirm the achievements of the nation's literary movement during the past 40 years. The next day they try to tarnish that. Yesterday, they wrote articles enthusiastically praising Tran Dang, Nguyen Thi, Le Anh Xuan, Duong Thi Xuan Quy, Chu Cam Phong, and Bui Nguyen Khiet, artists and warriors who made sacrifices in the struggle for national independence and freedom and for renovation. But today they support "expressions of condolence" for a literary stage (in which the literary careers of those writers are representative). The works of these writers and war heroes have not been published properly. (They have only recently been published in the papers of war zones, but they have not been published like the collections of poems that have appeared recently, such as "Ngua Bien," "Me Va Em," and "Mua Dang Dau." We have not put their statutes in the literary museums, and recently some people have tried to chip away at those "sacred contributions." Listening to what is being said in the Soviet Union, the homeland of the reform movement, on one hand people admire the talent of the authors of "Children of the Arbat," "The Melancholy Detective," and Repentance." But they have also erected statutes and expanded the museums for the authors of "Quiet Flows the Don," "Wait for Your Return," and "Salt of the Earth." But in a poor country that has constantly been at war and in which a Quang Trung and Nguyen Du come along only once in a thousand years, people have "removed them" by viewing them this and that way. Some have even regarded those activities as "excellent." Is this renovation? Another phenomenon is that VAN NGHE recently printed an article promoting renovation and saying that this belongs to society and to the masses. The press, under the leadership of the party, is always the voice of a particular organization or mass organization. It is never an "open-air market" with hundreds of sellers and thousands of buyers where anything can be displayed. This viewpoint on freedom of the press has unintentionally created ground for the seed of opportunism. The viewpoint on "big character posters" has caused confusion and given a number of people additional excuses to use screens and shields.

I think that more than ever before, the press must become more democratic. But at the same time, the press must hold to its lines and principles. There must be solidarity among artists and writers. We cannot allow the situation in which people "with power involve

themselves." Recently, few older writers have written articles in the association's newspaper. But at the same time, people of no talent have published arguments continuously using several different pen names. Perhaps those are new people, but what about the true state of literature today? If this is true, then the renovation of arts and literature is not in a difficult situation at all. Rather, it should be easy to "shout out" and just say "something different" tomorrow in order to have major works.

The stern experiences of the past period have taught true writers a lesson concerning calmness, calmness in action and calmness in speech. They have answered readers with their works. They are not afraid of people putting on the cloak of conservatism. They are not afraid of being criticized as old-fashioned. They have confidence in their skills and great love for the people and the age in which they are living. This attitude is worthy of great admiration. It is a yardstick. It is the difference between the old and the new and between conservatism and progressivism. This is very different from empty cries and hot-headed declarations. This is the true attitude regarding renovation and the boundary between conservatism and progressivism. It's certainly not a matter of age, position, or any specific literary style. Based on the spirit of the resolution of the fifth party plenum, artistic renovation is not the exclusive right of any particular group, of a few newspapers, of those in their 40s, or of fashionable writers. These people regard "putting people to sleep" as a matter of subtlety. They view criticism and insinuation as an "ability to expose the truth." They regard flattering works that were once unjustly criticized or neglected as "democracy" and "openness." Renovating literature is the responsibility and task of all writers. Everything possible must be done to make their works better. Everyone must be kinder and more attached to others. Artistic renovation is the major task of all writers and artists. This task is a serious task that requires a spirit of responsibility. In this, there is no place for those who are not concerned about writing but who are concerned more about winning a place in an administrative or management organization. The opportunists must be eliminated.

#### **Give Attention To Educating the Cadres and Party Members**

42100007 Hanoi TAP CHI CONG SAN in Vietnamese  
No 2, Feb 89 pp 64-65, 88

[Article by Nong Quoc Tien, Cao Bang City]

[Text] To hit the targets and fulfill the requirements of the movement to purify and increase the combat strength of the party organizations and state apparatus and make social relationships more wholesome, I think that steps must be taken to educate the cadres and party members. My reasons are:

First, a negative situation has existed within the party for a rather long time. More and more cadres and party members in positions of power are deviant people who have distanced themselves from the viewpoints and revolutionary nature of the party. Many party members are members in name only. They are "red on the outside, but green on the inside."

One of the reasons for the above situation is that after the south was liberated, the fatherland was unified, and the country entered a new revolutionary state, the party needed to turn its attention to training cadres and party members and giving them a new understanding in line with the requirements of the new situation and tasks. But the party has ignored political and ideological education and organizational work. The present negative situation among the cadres and party members stems from this laxness.

On the other hand, many cadres and party members still have vestiges of previous elements. They have not been given the necessary amount of education or training, and because of this they still bear the mark of small-scale peasants and producers: selfishness, reliance on others, lack of cohesion, and subjectivism. These things have led to inertia, corruption, waste, and a lack of discipline.

Second, the requirement of the movement is both to build and resist: build the working class viewpoint, increase communist awareness, strengthen the concept of responsibility, and improve revolutionary morals and resist negative manifestations among the cadres and party members in order to purify the organizations. Construction and resistance are basic requirements. If the work is just carried out haphazardly for the sake of form and "lotion" is applied to the skin to treat an internal disease, it will be very difficult to cure the disease.

For these reasons, I think that cadres and party members should be equipped with theoretical understanding, viewpoints, and a way of looking at things to solve the problems of social life within the scope of each person. The bravery of these people must be mobilized. They must dare to face things squarely, speak the truth, and fight individualism within themselves and among their comrades. That means purifying ideology in order to purify the organizations, ensure that the organizations remain pure and wholesome, and strengthen the party's combat strength.

The cadres and party members must be made to understand the party's tasks in the new stage of the revolution. The party members must have new quality in line with the requirements of the tasks. This new quality is manifested in specialized capabilities, management standards, and ethical qualities.

The talents needed today include excellent leadership and organizational capabilities. Correct policies must be based on a clear understanding of the objective laws.

People must have professional standards and have a clear understanding of reality. They must be able to apply theory in actual practice in a creative manner. Implementing things excellently does not mean simply organizing conferences to disseminate the resolutions and plans. That is just the beginning. They must implement things, supervise things personally, promptly learn the lessons and disseminate the good experiences, and praise and criticize things fairly.

As for moral qualities, a number of basic viewpoints must be clearly determined:

Above all, cadres and party members must have a correct viewpoint on labor. Only if there are unselfish and creative laborers in every sphere will it be possible to build a new economy, a new culture, and the newsocialist man. Each person, regardless of his position, must ask himself what he can do to produce many material goods for society. Today, there are many cadres and party members who are afraid of going to the bases and of participating in production. They tend to select occupations in which it is easy to make a living and earn "bonuses."

We must build a socialist collective viewpoint, resolutely oppose individualism, and eradicate the sources of today's negative aspects and selfish opportunism harmful to the

people and party. We must put a stop to people "taking advantage of their position" to profit personally.

We must build a concept of disciplined organization and ensure that every aspect of social life is carried on based on a unified socio-economic management mechanism and uniform discipline.

There must be a correct mass viewpoint. The thoughts and actions of each cadre and party member must be imbued with the viewpoint "by the people and for the people." Everything done must benefit the people. Cadres and party members must be modest and loyal to the people. They must submit to control by the people and resolutely eradicate the habit of being haughty, authoritarian, and afraid of the people and remaining aloof from the people.

In the present situation, I think that the matter of self-criticism and criticism must be reaffirmed. Many party members, including high-level cadres, are very afraid of self-criticism and criticism. They are wrapped up in "achievement-ism" and like flattery. They even "act insolently." They don't like to be criticized and even go so far as to oppress those who criticize them. It must be stressed that only self-criticism and criticism can bring real solidarity and unity, strengthen the combat strength of the party, purify the party organization, and ensure that the party's prestige increases.



**Reviewing the Scientific Seminar on the 'Problem of Inflation and the Formulation of a Plan To Control Inflation in Our Country'**

*Hanoi 42100007 TAP CHI CONG SAN in Vietnamese No 2, Feb 89 pp 66-74, 57*

[From a seminar organized by the Economics Department of the Central Committee and the Editorial Staff of TAP CHI CONG SAN in Hanoi on 23 and 24 December 1988]

**[Text] I. Targets of the Seminar**

Today, the problem of inflation in our country is the constant worry of every citizen, sector, and echelon, including Vietnamese living abroad, foreign businessmen who want to invest in Vietnam, and economists and journalists around the world who are concerned about the situation in Vietnam.

Inflation has occurred in many countries with different political and socio-economic systems, and it has occurred in various historical periods. However, even in countries with similar political systems, because of the different historical circumstances and different socio-economic conditions, inflation has manifested itself in very different ways. This shows that inflation is a very complex problem. Thus, it is not easy to apply the theories and experiences summarized by the world to each country's specific situation.

In the capitalist countries, since the end of the 1950s, the Phillips theory has gained widespread acceptance. This theory states that in a capitalist economy, the rate of inflation depends on wage increases and on the relationship between supply and demand in the labor market. This relationship can be represented graphically by what is known as a "Phillips curve." The essence of the Phillips theory is that to solve the inflation problem, demand must be controlled.

The significance of the Phillips theory is that it was the first theory to point out the relationship among the important causes of the capitalist economy's illnesses, for example, between a decline in inflation and a rise in unemployment. At the beginning of the 1970s, people began to have doubts about the above theory, because for several years, both inflation and unemployment increased simultaneously.

Since 1975, Friedman has advocated the monetarist theory, which states that the single most important cause of inflation is an increase in the money supply that is faster than the rate of increase in the volume of goods and services. Based on this theory, to stabilize prices, the supply of money must be controlled.

The two theories mentioned above and other anti-inflation measures used in a number of capitalist countries in recent years can be used in a highly developed commodity economy where most of the economic relationships

have been monetarized. But are these theories applicable to an underdeveloped socialist economy such as ours in view of the fact that the economy here has a bartering nature and the monetarization of the economic relationships in the socialist markets is at a low level? That is something that we must consider carefully in order to avoid making mistakes of a dogmatic and extremist nature.

For many years, economists in the socialist countries were not concerned about the problem of inflation in a socialist economy constructed in accord with a highly centralized planning model. That was because people said that prices in these countries were generally stable, and the socialist economy was superior. Thus, how could there be inflation! This simplistic and rather foolish way of looking at things has recently begun to change in view of the fact that inflation has been on the rise in a number of socialist countries. The situation has moved from an "underground" inflation, that is, shortages of an inflationary nature caused by deficiencies in the economic-political system, to open inflation that requires a reorganization of the structure and operating mechanism of the system.

In our country, even though we have used the traditional socialist economic model of the Soviet Union, because of our special historical circumstances and different socio-economic conditions, this model has been changed and turned into an economy that is characterized by centralization of power and that relies on a "distribution and payments" system based on material relationships and that is operated by "imposing behavior." Thus, the manifestations of and changes in the inflationary process during renovation to reform the economy are very complex.

In October 1987, TAP CHI CONG SAN began publishing a section entitled "Research and Exchange of Views on the Problem of Inflation in Our Country." After that, this problem was discussed in the press and at scientific conferences organized by various branches, high-level staff organizations of the party and state, colleges, and research installations. However, there are still many different and conflicting views on inflation and on how to control inflation.

For the above reasons, the Economics Department of the Central Echelon and the Editorial Staff of TAP CHI CONG SAN felt that it was necessary to organize this scientific seminar in order to clarify a number of theoretical and practical points and propose practical suggestions to contribute to relieving the effects of inflation in our country.

**II. On the Basic Contents of the "Anti-Inflation" Plans Presented at the Seminar**

From more than 40 proposals and hundreds of papers, motions, and ideas on controlling inflation presented by the sectors, high-level staff organizations of the party and

state, colleges, research institutes, and scientists, including Vietnamese scientists living abroad, the committee that organized the seminar integrated the proposals and ideas into four anti-inflation plans for discussion.

Plan 1 starts from the viewpoint that inflation in our country stems from a loss of regenerative balance in a socialist economy that is based on a bureaucratic centralism and state subsidies planning model and that this loss of balance has been caused by structural deficiencies in the economic-political system. This loss of balance was concealed during the period that the country was at war and received large amounts of aid from abroad. The loss of balance was clearly exposed after the south was liberated and the country was unified. The amount of foreign aid was gradually reduced and the scale of industrialization and socialist reform in the rural areas and cities in southern Vietnam was increased. Inflation exploded when it became necessary to carry on renovation in order to switch to business accounting and socialist business practices because of the serious errors made time and again in the "price-wage-currency" sphere, errors made under the illusion that we could use "healthy inflation" to overcome the loss of regenerative balance in the economy without having to change the structure of the system. Plan 1 suggests several solutions aimed at reducing the inflationary mentality and creating the conditions and environment necessary for building a new structure aimed at freeing the production strength and mobilizing the existing sources of power among the people and outside the country in order to expand production, increase supply, and at the same time control demand in order to control inflation in our country.

Plan 2 is based on the viewpoint that inflation here is an abnormal type of inflation that stems from management that is contrary to economic laws and from improper policies and irresponsible cadres. It stresses that the sudden increase in inflation is the result of issuing money based on the new prices in opposition to the laws of currency circulation, adjusting prices suddenly after the 1985 currency devaluation, and restoring wages without creating suitable economic and financial conditions. Based on this analysis, the plan puts forth price and currency control measures. Prices are to be controlled based on a supply index in order to control inflation.

Plan 3 is based on the viewpoint that inflation here is the result of a serious loss of balance between currency needs (needs that can be paid for) and the supply capabilities of the national economy. The plan states that in the country's present situation, it is impossible to increase supply quickly by promoting an expansion in production in order to balance supply and demand. Thus, it advocates implementing synchronized measures aimed at gradually eliminating state subsidies through prices and state subsidies through capital (including budget capital and credit capital) and gradually shifting the economic units to commercial production so that they can become

self-supporting financially and so that they take responsibility for profits and losses. There must be a "price, wage, and currency" freeze in order to limit demand for consumption and production. The aim of this is to gradually reduce the gap between supply and demand and bring about a balance between supply and demand in order to end inflation.

Plan 4 says that the main cause of inflation here is the serious imbalance between production and demand. The thing that is making inflation worse is the fact that the state has managed and controlled things poorly. Thus, to control inflation, state management (including both management powers and capabilities) must be improved, and motive forces must be created in order to expand production.

Almost everyone at the seminar agreed that integrating the various ideas into four "anti-inflation" plans for presentation at the seminar was a major undertaking of great scientific and practical value that contributed to shortening the process of exchanging information between those at the seminar and that created favorable conditions to enable people to prepare their ideas prior to the seminar. This contributed greatly to the success of the seminar.

### III. Evaluating the Results of the Seminar

Based on the four plans discussed above, the people at the seminar exchanged opinions on the following key problems:

The main sources of inflation in our country and the reasons for the recent rapid increase in inflation here, particularly from the unsuccessful price-wage-currency adjustments, especially the price-wage-currency adjustments in September 1985 and afterwards.

Based on a spirit of grasping the realities of the country, various economic theories and laws can be used to evaluate the level of inflation and look for ways to control inflation here.

The effects of inflation on our country's economy and society in the present stage and the relationship between renovation and inflation.

An analysis of the capabilities of the solutions mentioned in each plan and the supplementary motions to enable the solutions to be implemented.

1. The majority of those attending the seminar fundamentally agreed with the profound observations of Plan 1 concerning the sources of inflation in our country and the original and brilliant analyses of all four plans on the reasons directly contributing to the sharp rise in inflation here after we were compelled to carry on renovation in order to switch from an in-kind economy characterized by self-supply and self-demand to a planned commodity production economy.

2. Almost all those attending the seminar agreed that inflation here is a very serious problem. But there were a variety of opinions on what standards to use to measure the degree of inflation. Only 1 of the 32 ideas expressed at the seminar said that there was no inflation in Vietnam. During the discussion, many people disagreed with this assertion.

3. The majority of those at the seminar spent an appropriate amount of time analyzing the harmful effects of inflation here. Besides the profound analyses in the four plans presented at the seminar, those attending the seminar stressed that the redistribution of the national income was very unfair and that accompanying this were various social vices in the inflationary process. They said that inflation was an evil form of borrowing by the people. This is an invisible tax that is steadily weakening the laboring people. It is a tax with no fixed rate and no tax collectors, but it is still taking income away from honest laborers whose lives are very difficult. This is a very offensive type of tax that is totally contrary to the wonderful nature of the socialist system. On the other hand, inflation has created a favorable environment for the growth of corruption and speculation in society and is destroying the state apparatus and corrupting the principles of life. Unless something is done to solve the problem, the destructive effects of inflation will be much worse than those of war. The increasing materialistic tendency in economic relationships, together with today's level of inflation, will hinder the renovation process aimed at switching the country's economy to a planned commodity production economy.

Today, the inflationary psychology has taken root in social life. It has affected every family and increased inflationary pressures. Unless we have a clear concept of inflation's harmful effects and unless we bravely and resolutely look for ways to solve this problem at its source, the periods of inflation will occur more and more frequently and the rate of inflation will go higher and higher. Our economy, which is already in very difficult straits, will face even greater difficulties. This will negate the achievements of the renovation movement.

4. In general, those at the seminar agreed with the draft program, that is, from the targets to the time limits and the viewpoints and principles for constructing an anti-inflation program. They also agreed with the solutions, steps, and stages put forth in Plan 1. Naturally, those at the seminar contributed many ideas about the possibilities of a number of the measures put forth in Plan 1, such as establishing a National Anti-Inflation Committee subordinate to the Council of Ministers and making preparations in just 3 months in order to promulgate needed economic laws aimed at really freeing the production forces.

The majority of those attending the seminar said that even though the plans contained points that were both feasible and infeasible, in general, the plans can supplement each other. And if the good points of plans 2, 3, and

4 and the ideas contributed during the seminar are used to supplement the weaknesses in Plan 1, it should be possible to formulate a perfect anti-inflation plan of high practical value. Through a scientific seminar similar to a consultation prior to major surgery, we have sufficient capabilities to solve the inflation problem in our country.

#### **IV. Theoretical and Practical Questions That Must Be Clarified in the Process of Formulating an Anti-Inflation Program**

Above, we presented the results achieved at the seminar. Of course, because of the limited time available and because of the complex nature of the problem, even though the seminar has concluded, there are still a number of theoretical and practical questions that need to be studied and discussed in order to clarify things during the process of formulating a program to control inflation in our country.

##### **1. Is there inflation in our country?**

Even though only one person at the seminar said that there is no inflation in our country, many people in scientific research circles and people engaged in practical work have the same idea (that there is no inflation or only a very low rate of inflation). These people say that because of the class nature of the socialist state, inflation cannot arise in our country. Or they say that if there is inflation, why has there been a shortage of money so often and at so many places.

Those who disagree with this idea say that inflation is an economic phenomenon that is related to distribution and circulation and to the currency-commodity relationship. Thus, inflation can occur in any country regardless of whether it is a capitalist or socialist country, except for those that have a commodity production economy and that exchange commodities through the market mechanism. The issue of a shortage of money during a period of severe inflation was analyzed carefully in plans 1, 2, and 3. The worse inflation becomes, the greater the shortage of currency. It's like a wounded person who has lost blood and who has a great craving, because blood is not flowing back to the heart. Similarly, money is flowing out of the banks at a time of serious inflation. Or the money is not flowing back or is flowing back very slowly. At the same time, among the people, money is changing hands very quickly, because no one dares hold on to the money for very long out of fear that it will "burn their hand." The following questions need to be asked:

##### **2. Who lacks money and where is all the money during this period of inflation?**

Many people agree that during this outbreak of inflation, not only have the banks failed to implement policies to step up the turnover of liquid assets in order to benefit the economy but they have implemented an irrational interest policy that has contributed to the formation of

sources of commodity-material reserve assets using credit. As a result, even though banking operations have been profitable in name, in reality, the state's money has been thrown out the window. Thus, it always seems as if there is a shortage of money, and people are constantly proposing that the state permit the printing of more money. Many people at the seminar pointed out that with the present interest rate policy, nothing is more profitable than borrowing money from the banks and nothing is as stupid as depositing money in the bank. Thus, the reason why the banking sector lacks money is obvious.

In this unusual situation, only those elements that have the ability to turnover assets quickly can make a profit, such as in the distribution and circulation sphere. Those economic elements with a longer natural production cycle and a slower turnover time will encounter difficulties. Thus, there is the situation in which goods are being withheld from the market until prices rise in order to profit from inflation. Actually, this is gradually eroding the assets. Because our sources of raw materials and energy are limited and because it is difficult to expand production in order to profit during this period of inflation, the "false profits" brought by inflation are increasing (not by expanding production but by a zigzag marketing path aimed at profiting from price differences). Because of this, funds outside the control of the finance and banking sectors are growing rapidly. Clearly, there is a shortage of capital in circulation based on the orthodox path, but there is a huge surplus in the funds of state organizations and commercial production installations, and some of this money is floating about the markets. It is estimated that this money accounts for 70-80 percent of the cash in circulation. Unless this problem is solved, it's useless to talk about controlling inflation.

However, at the seminar, there were some who said that because the state can raise prices, that is, devalue our currency, a shortage of money is inevitable, and because of this, the state must issue more money based on the new price level. Plans 1 and 2 criticized this viewpoint and said that this is one of the things that led to a sharp rise in inflation in our country following the price-wage-currency adjustments in September 1985 and after that. The following very important theoretical question must be clarified:

3. During a period of serious inflation, what can be used as a standard to control the amount of cash in circulation?

This question was explained in Plan 2. Unfortunately, because time was limited, the matter was not discussed in detail at the seminar. Thus, we feel that it is essential to discuss this.

If we let "Mc" represent the amount of cash needed in circulation, according to the definition by Marx (see *Das Kapital*, Su That Publishing House, 1959, volume 1, part 1, page 168), we have the following formula:

$Mc$  = Total value of commodities in circulation divided by  $v$  (where  $v$  is the velocity of currency in the hands of consumers). The amount of surplus capital in circulation is determined based on the formula:  $Mt - Mc$  (where  $Mt$  is the amount of capital actually in circulation).

Many people think that the above formula is valid only for capitalist countries that have a developed commodity economy and that are highly monetarized. They feel that in a country such as Vietnam that has an in-kind economy, that formula can be used only to make qualitative analyses, not to make quantitative analyses. That is because the numerator and denominator in the formula cannot be accurately determined. Using bank figures on the velocity of cash and national statistics on the total value of commodities sold retail, we have the following:

For 1986,  $Mc$  = 168 billion dong divided by 3.8, which equals 44 billion dong. This is less than  $Mt$ , which equaled 55 billion dong.

For 1987,  $Mc$  = 640 billion dong divided by 3.6, which equals 178 billion dong. This is less than  $Mt$ , which equaled 211 billion dong.

Even though the velocity of currency is very slow and does not accurately reflect the velocity in the hands of consumers, the above results show that the amount of currency actually in circulation in 1986 and 1987 exceeded the amount of currency needed in circulation. Some people estimate that the velocity of currency in commerce was 9-10 times that in the banking sector. Using these figures, it is clear that the amount of currency actually in circulation exceeded the amount of currency needed in circulation by several tens of times. As for the qualitative aspect, this conclusion has a basis, and therefore, it can be affirmed that during the present period of inflation in our country, it is essential to control the rate of putting money into circulation. We cannot make general adjustments and then issue more cash in a haphazard manner as in the past with the aim of satisfying the need for cash based on the new price levels.

A number of people at the seminar criticized the mathematical formula of the Vietnam State Bank, which uses approximately 7-8 percent of the gross value of social production as the standard for calculating the amount of money needed in circulation. These people say that this formula does not have a scientific basis, and in the socialist countries, no other country uses this formula. They use a percentage of the cash used to pay wages as compared with the gross national income to control the amount of cash issued. But for Vietnam, using this standard is still a matter of debate.

4. At a time of strong inflation and a sharp decline in the value of our money, it cannot carry out its function of measuring value or carry out its other functions. Those

attending the seminar agreed that as part of the anti-inflation program, urgent measures must be implemented to reduce the inflationary psychology and restore people's confidence in our money. However, there were different views on how to hit that target.

Some people said that we should raise interest rates on savings deposits and on credit loans based on the following principles:

a. Nominal interest rate = basic interest rate plus the rate of inflation.

b. Loan interest rate = savings deposit interest rate plus the rate of inflation.

If the above principles are implemented, the banks will definitely attract all the spare cash available among the people. This will limit credit loan needs and force the economic units to consider things carefully before borrowing from the banks. This is one of the best ways to end material-commodity stagnation and put a stop to the situation in which the banks are short of money. This will also force the banks to switch to cash business operations. The present rate of inflation in Vietnam is too high. The economic installations that naturally have a long production cycle will never be able to make a profit if credit interest rates remain as high as they are today. Here, the only compromise that can be made concerns the basic interest rate. If we violate the two principles mentioned above, we will never be able to get out of this impasse. Implementing the two principles mentioned above will be a great challenge for those state-operated economic units that have not achieved good results and that have managed to survive by relying on the system of state subsidies through prices and credits. This will force these units to change in order to satisfy the requirements of the renovation movement.

Many people suggested using indexing methods (a recorded currency method or a standard currency based on a gold standard or the price index of a basket of goods) in order to maintain the value of the currency at the time it is borrowed or deposited.

We feel that the two methods mentioned above are equivalent to each other.

Besides this, a number of people said that we can use a standard currency backed by gold just like the chervonet currency of the Soviet Union during the period 1923-1924. But many people disagreed with this idea, saying that this is not practical because we can't obtain gold to back our currency. Moreover, if we use gold, according to Gresham's Law, "cheap money tends to drive out dear money." Currencies backed by gold will become the means of hoarding, and in circulation the value of the currency will just decline.

5. If a floating mechanism is used regarding the currency (either by raising interest rates or by using an indexing method), those at the seminar felt that it will also be necessary to use a floating mechanism regarding prices and wages.

In reality, the method that has been in use for a long time is that each time the state has raised prices and adjusted wages, it has then had to freeze prices, wages, and the currency. The difference between the prices set by the state and market prices has been very great, and because of the need to compensate for this, the budget has been seriously affected and the state has had to make adjustments as if playing leapfrog, with the cycles becoming shorter and shorter. It has been impossible to reduce the rate of inflation, and if this process continues, it will be impossible for society to survive.

Many people said that synchronized measures must be implemented and that we must take small steps and make adjustments many times instead of making major adjustments as in the past. If the currency is adjusted based on the inflation index, we must also allow prices to be adjusted based on the supply index and allow wages to be adjusted based on the cost of living index. We must actively control the rate of supply in order to reduce the inflationary psychology. However, some people said that we must "freeze prices, wages, and the currency" in order to put an end to the inflationary psychology.

6. Many people said that we must completely renovate our national financial policies, from the tax policy to the investment and capital mobilization policies, and strive to balance revenues and expenditures in a rational manner instead of just talking in general about increasing revenues and reducing expenditures. We must stop issuing materials and capital as has been done in the past and implement a policy of mobilizing capital among the people in order to expand production.

Some people stressed the need to collect revenues correctly, adequately, and promptly and said that discipline must be maintained in tax work in order to ensure fairness and uphold the nation's interests. Violators must be resolutely punished.

7. On foreign economic policy:

Some people said that goods cannot be exported at any price. We must select appropriate export goods and stop compensating for export-import losses. We must open the door to foreign goods in order to force domestic commercial production installations to pay attention to the markets. However, others said that there must be customs barriers in order to protect domestic goods.

As for exchange rates, many people said that there must be floating rates for import-export activities within Zone 2. Within Zone 1, commercial prices must be used in places that do not produce in accord with the legal norms. (In places that produce in accord with the legal

norms, priority must be given to corresponding materials.) But in Zone 1, we must also give the commercial production units financial independence. Some people said that to have a floating exchange rate, the production installations must be allowed to find their own markets and balance exports and imports in order to expand production. The only requirement is that economic relations with other countries must be handled through the Foreign Commerce Bank.

8. On establishing an Anti-Inflation Committee: A number of people said that solutions must be found in order to control inflation in conditions in which the state apparatus is ineffective. We should not establish an organization subordinate to the Council of Ministers. However, many other said that not only should such a unit be established but that it should be established immediately in order to formulate an anti-inflation program and prepare the conditions necessary for the program to become involved in life and show the people that the party and state are resolved to overcome the bad effects of inflation. What is even more important is that only through an effective organization (that has real power and capabilities) will it be possible for the anti-inflation measures to become involved in life. With the present apparatus and people, even if measures are

implemented, it will be impossible to achieve anything. Some people stressed the responsibility of the leadership with respect to the lives of the people. The people cannot be used as guinea pigs for the ineffective and stupid plans that have led to this sharp rise in inflation.

9. On administrative and economic measures:

The majority of people at the seminar agreed that the main anti-inflation measures must be economic measures. However, many people said that in the present confusing situation, to be able to implement these economic measures, it is essential to apply a number of resolute administrative measures.

Above, we have discussed a number of problems and ideas. We must continue to exchange ideas on this in order to clarify the matter. These problems also point out paths that can be chosen.

In summary, based on the four plans presented at the seminar and on the results of this scientific conference, we have the capabilities to formulate a complete anti-inflation plan in order to give the party and state ideas on how to get out of the present dangerous situation.

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[Article by Gus Hall; article not translated]

**World Peace and the Problem of Regional  
Conflicts**

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[Article by Xuan Anh; article not translated]

**China: Concerns**

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[Article not translated]

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